



**Mortgage organisation**  
**Kazakhstan Mortgage Company JSC**

Unaudited Unconsolidated Interim  
Condensed Financial Statements  
for the Six-Month Period ended  
30 June 2016

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«КПМГ Аудит» жауапкершілігі  
шектеулі серіктестік  
050051 Алматы, Достық д-лы 180,  
Тел./факс 8 (727) 298-08-98, 298-07-08

KPMG Audit LLC  
050051 Almaty, 180 Dostyk  
Avenue,  
E-mail: company@kpmg.kz

## **Independent Auditors' Report on Review of Unconsolidated Interim Condensed Financial Statements**

*To the Board of Directors and Management Board of Mortgage organisation  
Kazakhstan Mortgage Company JSC*

### **Introduction**

We have reviewed the accompanying unconsolidated interim condensed statement of financial position of Mortgage organisation Kazakhstan Mortgage Company JSC (the "Company") as at 30 June 2016, and the related unconsolidated interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the unconsolidated interim condensed financial information (the "unconsolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this unconsolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this unconsolidated interim condensed financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of unconsolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the unconsolidated interim condensed financial information as at 30 June 2016 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

*KPMG Audit LLC*

**KPMG Audit LLC**

1 August 2016

«КПМГ Аудит» ЖШС, Қазақстанда тіркелген; Швейцария заңнамасы бойынша тіркелген KPMG International Cooperative ("KPMG International") қауымдастығына кіретін KPMG тәуелсіз фирмалар желісінің мүшесі.

KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

*Mortgage organisation Kazakhstan Mortgage Company JSC*  
*Unconsolidated Interim Condensed Statement of Profit or Loss for the six-month period ended 30 June 2016*

		Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
Interest income	4	9,398,913	8,700,582
Interest expense	4	(4,919,004)	(5,877,091)
<b>Net interest income</b>		<b>4,479,909</b>	<b>2,823,491</b>
Fee and commission income		572	517
Fee and commission expense		(150,322)	(192,184)
<b>Net fee and commission expense</b>		<b>(149,750)</b>	<b>(191,667)</b>
Net gain on available-for-sale financial assets		-	2,294
Net foreign exchange (loss) gain		(64,243)	84,742
Other income		419,255	117,251
<b>Operating income</b>		<b>4,685,171</b>	<b>2,836,111</b>
Impairment losses	5	(393,778)	(177,936)
Personnel expenses		(665,832)	(619,647)
General administrative expenses		(653,764)	(323,061)
<b>Profit before income tax</b>		<b>2,971,797</b>	<b>1,715,467</b>
Income tax expense	6	(625,467)	(718,785)
<b>Profit for the period</b>		<b>2,346,330</b>	<b>996,682</b>
Basic and diluted earnings per share, in KZT	18(c)	422	179

These unconsolidated interim condensed financial statements as set out on pages 4 to 33 were approved by Management on 1 August 2016 and were signed on its behalf by:

Dosmukhametov B. S.  
*Acting Chairman of the Management Board*



*Toktarkozha A. T.*  
*Chief Accountant*

*Mortgage organisation Kazakhstan Mortgage Company JSC*  
*Unconsolidated Interim Condensed Statement of Comprehensive Income for the six-month period ended 30 June 2016*

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
<b>Profit for the period</b>	<b>2,346,330</b>	<b>996,682</b>
<b>Other comprehensive loss, net of income tax</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for available-for-sale financial assets:		
Net change in fair value	(128,322)	(369,570)
Net change in fair value transferred to profit or loss	-	(2,294)
<b>Other comprehensive loss for the period, net of income tax</b>	<b>(128,322)</b>	<b>(371,864)</b>
<b>Total comprehensive income for the period</b>	<b>2,218,008</b>	<b>624,818</b>

*Mortgage organisation Kazakhstan Mortgage Company JSC*  
*Unconsolidated Interim Condensed Statement of Financial Position as at 30 June 2016*

	Note	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
<b>ASSETS</b>			
Cash and cash equivalents	7	42,729,970	26,811,589
Placements with banks and other financial institutions	8	26,777,180	17,337,140
Available-for-sale financial assets	9	11,419,867	13,960,071
Loans to customers	10	62,497,101	81,755,207
Finance lease receivables	11	57,688,505	31,434,418
Current tax asset		2,823,049	2,310,235
Advances paid for acquisition and construction of real estate	12	26,054,007	25,916,895
Assets to be transferred under finance lease agreements	13	16,234,827	26,503,605
Construction in progress	14	16,491,165	9,644,010
Property and equipment		1,888,954	1,743,083
Investment property		1,438,097	1,606,119
Deferred tax asset	6	-	83,847
Other assets		5,323,929	4,433,235
<b>Total assets</b>		<b>271,366,651</b>	<b>243,539,454</b>
<b>EQUITY AND LIABILITIES</b>			
Debt securities issued	15	48,620,798	57,983,488
Subordinated debt securities issued		10,063,966	9,981,675
Other borrowed funds	16	41,569,278	40,060,673
Deferred income	17	110,890,266	78,088,020
Deferred tax liability	6	541,620	-
Other liabilities		10,062,927	10,025,810
<b>Total liabilities</b>		<b>221,748,855</b>	<b>196,139,666</b>
<b>Equity</b>	18		
Share capital		58,113,800	58,113,800
Share premium		12,661	12,661
Treasury shares		(2,597,522)	(2,597,522)
Additional paid-in capital		5,822,856	5,822,856
Reserve capital		2,734,447	2,734,447
Revaluation reserve for available-for-sale financial assets		(1,847,206)	(1,718,884)
Accumulated losses		(12,621,240)	(14,967,570)
<b>Total equity</b>		<b>49,617,796</b>	<b>47,399,788</b>
<b>Total equity and liabilities</b>		<b>271,366,651</b>	<b>243,539,454</b>

*Mortgage organisation Kazakhstan Mortgage Company JSC*  
*Unconsolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2016*

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before income tax</b>	<b>2,971,797</b>	<b>1,715,467</b>
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	56,469	39,598
Impairment losses	393,778	177,936
Interest income	(9,398,913)	(8,700,582)
Interest expense	4,919,004	5,877,091
Net foreign exchange loss (gain)	64,243	(84,742)
Net gain on disposal of investment property	(16,907)	-
Net gain on available-for-sale financial assets	-	(2,294)
	<b>(1,010,529)</b>	<b>(977,526)</b>
<b>(Increase) decrease in operating assets</b>		
Placements with banks and other financial institutions	(9,280,175)	(1,278,404)
Loans to customers	18,977,847	6,908,814
Finance lease receivables	(26,286,465)	(10,275,212)
Advances paid for acquisition and construction of real estate	(137,112)	(17,847,568)
Assets to be transferred under finance lease agreements	10,268,778	(6,575,626)
Construction in progress	(6,847,155)	(3,956,722)
Other assets	(742,925)	(250,101)
<b>Increase in operating liabilities</b>		
Other liabilities	52,983	350,477
<b>Cash flow used in operating activities before interest and income tax paid</b>		
	<b>(15,004,753)</b>	<b>(33,901,868)</b>
Income tax paid	(523,220)	(449,935)
Interest received	8,242,561	7,707,978
Interest paid	(3,566,460)	(4,489,816)
<b>Cash flows used in operating activities</b>	<b>(10,851,872)</b>	<b>(31,133,641)</b>

**Mortgage organisation Kazakhstan Mortgage Company JSC**  
*Unconsolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2016*

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of held-to-maturity investments	-	3,710,029
Redemption and sale of available-for-sale financial assets	2,491,130	-
Purchase of property and equipment	(184,299)	(27,320)
Purchase of intangible assets	(796)	(23,763)
Proceeds from sale of investment property	14,600	36,870
<b>Cash flows from investing activities</b>	<b>2,320,635</b>	<b>3,695,816</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase/redemption of debt securities issued	(10,000,000)	(5,000,000)
Receipts of other borrowed funds	41,592,292	92,500,000
Repayment of other borrowed funds	(7,208,333)	-
Dividends paid	-	(355,205)
<b>Cash flows from financing activities</b>	<b>24,383,959</b>	<b>87,144,795</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,852,722</b>	<b>59,706,970</b>
Effect of changes in exchange rates on cash and cash equivalents	65,659	32,726
Cash and cash equivalents at beginning of the period	26,811,589	13,853,101
<b>Cash and cash equivalents at end of the period (Note 7)</b>	<b>42,729,970</b>	<b>73,592,797</b>

<b>KZT'000</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Treasury shares</b>	<b>Additional paid in capital</b>	<b>Reserve capital</b>	<b>Revaluation reserve for available-for-sale financial assets</b>	<b>Accumulated losses</b>	<b>Total</b>
Balance as at 1 January 2015	58,113,800	12,661	(2,597,522)	5,822,856	2,734,447	(730,235)	(18,433,487)	44,922,520
<b>Total comprehensive income</b>								
Profit for the period, unaudited	-	-	-	-	-	-	996,682	996,682
<b>Other comprehensive income</b>								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Net change in fair value of available-for-sale financial assets, unaudited	-	-	-	-	-	(369,570)	-	(369,570)
Net change in fair value of available-for sale financial assets transferred to profit or loss, unaudited	-	-	-	-	-	(2,294)	-	(2,294)
<b>Total other comprehensive loss for the period, unaudited</b>	-	-	-	-	-	<b>(371,864)</b>	-	<b>(371,864)</b>
<b>Total comprehensive income for the period, unaudited</b>	-	-	-	-	-	<b>(371,864)</b>	<b>996,682</b>	<b>624,818</b>
<b>Transactions with owners, recorded directly in equity</b>								
Dividends paid, unaudited	-	-	-	-	-	-	(355,205)	(355,205)
<b>Balance as at 30 June 2015, unaudited</b>	<b>58,113,800</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>5,822,856</b>	<b>2,734,447</b>	<b>(1,102,099)</b>	<b>(17,792,010)</b>	<b>45,192,133</b>
Balance as at 1 January 2016	58,113,800	12,661	(2,597,522)	5,822,856	2,734,447	(1,718,884)	(14,967,570)	47,399,788
<b>Total comprehensive income</b>								
Profit for the period, unaudited	-	-	-	-	-	-	2,346,330	2,346,330
<b>Other comprehensive loss</b>								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Net change in fair value of available-for sale financial assets, unaudited	-	-	-	-	-	(128,322)	-	(128,322)
<b>Total other comprehensive loss for the period, unaudited</b>	-	-	-	-	-	<b>(128,322)</b>	-	<b>(128,322)</b>
<b>Total comprehensive income for the period, unaudited</b>	-	-	-	-	-	<b>(128,322)</b>	<b>2,346,330</b>	<b>2,218,008</b>
<b>Balance as at 30 June 2016, unaudited</b>	<b>58,113,800</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>5,822,856</b>	<b>2,734,447</b>	<b>(1,847,206)</b>	<b>(12,621,240)</b>	<b>49,617,796</b>

## **1 Background**

### **(a) Principal activities**

The Mortgage organisation Kazakhstan Mortgage Company JSC (the “Company”) was established on 29 December 2000 in accordance with resolution number 469 of the National Bank of the Republic of Kazakhstan (the “NBRK”) dated 20 December 2000. The principal activity of the Company is the issuance of mortgage loans in accordance with the license of regulatory authorities. The Company may additionally perform trust, factoring, forfeiting and leasing operations.

On 12 April 2010 the Company obtained a banking license #5.1.69 on banking lending transactions.

The activities of the Company are regulated by the National Bank of the Republic of Kazakhstan.

The Company’s official address is 98, Karasay Batyr st., 050012, Almaty, Kazakhstan. The Company has a representative office in Astana.

Under the realisation of the Program “Affordable Housing-2020” the Company established a subsidiary company, United Payment Systems LLC (state registration certificate of a legal entity № 1266-1910-02-TOO dated 9 July 2012). On 19 January 2015 the subsidiary company was reorganised from the form of the limited liability company to the form of the joint-stock company. The main functions of the subsidiary are communications with potential lessees, conclusion of rent and utilities (maintenance) agreements, collection and arrangement of lease payments and payments relating to servicing of current mortgage transactions, and control over completeness and timeliness of cash flows.

United Payment Systems JSC established a subsidiary in the form of the joint-stock company, Kazakhstan Housing-Construction Corporation JSC (state registration certificate of a legal entity № 1559-1910-02-AO dated 6 August 2012). The main functions of the subsidiary are organisation and holding tenders (biddings) for development of design and estimate documentation, construction and installation works, selection of a contracting construction and mounting organization, support in carrying out state expert reviews, organisation of construction of rental houses, project finance, financing of construction of rental houses, engineering supervision on all stages of construction, acceptance and setting of houses into exploitation.

On 14 November 2014 the Management Board of Mortgage organisation Kazakhstan Mortgage Company JSC approved a reorganisation plan, under which during 2015 Kazakhstan Housing-Construction Corporation JSC was merged with its parent company United Payment Systems JSC, which later was merged with its parent company, Mortgage organisation Kazakhstan Mortgage Company JSC.

On 21 July 2015 Kazakhstan Housing-Construction Corporation JSC was merged with its parent company, United Payment Systems JSC. On 13 November 2015 United Payment Systems JSC merged with its parent company, Mortgage Organisation Kazakhstan Mortgage Company JSC.

### **(b) Shareholders**

As at 30 June 2016 and 31 December 2015 the Company is wholly-owned by National Management Holding Baiterek JSC (“Baiterek”).

### **(c) Kazakhstan business environment**

The Company’s operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in Kazakhstan. In addition, the recent significant depreciation of the Kazakhstan tenge, and the reduction in the global price of oil, have increased the level of uncertainty in the business environment. The unconsolidated interim condensed financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management’s assessment.

## **2 Basis of preparation**

### **(a) Statement of compliance**

These unconsolidated interim condensed financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Company as at and for the year ended 31 December 2015, as these unconsolidated interim condensed financial statements provide an update of previously reported financial information.

The Company also prepares consolidated interim condensed financial statements for the six-month period ended 30 June 2016 in accordance with IAS 34 that can be obtained from the Company’s head office at 98, Karasay Batyr st., Almaty, Kazakhstan.

### **(b) Basis of measurement**

The unconsolidated interim condensed financial statements are prepared on the historical cost basis except that available-for-sale financial assets are stated at fair value.

### **(c) Functional and presentation currency**

The functional currency of the Company is the Kazakhstan Tenge (“KZT”) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of these unconsolidated interim condensed financial statements.

Except as indicated, financial information presented in KZT is rounded to the nearest thousand.

### **(d) Use of estimates and judgments**

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these unconsolidated interim condensed financial statements in conformity with IAS 34. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these unconsolidated interim condensed financial statements the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Company’s unconsolidated financial statements for the year ended 31 December 2015.

## **3 Significant accounting policies**

The accounting policies applied by the Company in these unconsolidated interim condensed financial statements are consistent with those applied by the Company in the unconsolidated financial statements for the year ended 31 December 2015.

## 4 Net interest income

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
<b>Interest income</b>		
Loans to customers	3,716,685	4,394,475
Cash and cash equivalents	2,730,315	2,044,160
Finance lease receivables	1,545,236	335,579
Placements with banks and other financial institutions	857,326	1,121,491
Available-for-sale financial assets	530,969	529,824
Held-to-maturity investments	-	163,647
Reverse repurchase agreements	-	51,751
Other assets	18,382	59,655
	<b>9,398,913</b>	<b>8,700,582</b>
<b>Interest expense</b>		
Debt securities issued	(2,897,832)	(3,876,206)
Other borrowed funds	(1,538,882)	(1,507,499)
Subordinated debt securities issued	(482,290)	(493,386)
	<b>(4,919,004)</b>	<b>(5,877,091)</b>
	<b>4,479,909</b>	<b>2,823,491</b>

Interest income on finance lease receivables for the six-month period ended 30 June 2016 includes amortisation of deferred income of KZT 683,815 thousand, unaudited (30 June 2015: KZT 87,668 thousand) (Note 17).

## 5 Impairment losses

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
Loans to customers (Note 10)	49,388	(130,541)
Finance lease receivables (Note 11)	(107,419)	-
Held-to-maturity investments	-	(24,966)
Available-for-sale financial assets (Note 9)	-	(15,551)
Other assets	(335,747)	(6,878)
	<b>(393,778)</b>	<b>(177,936)</b>

## 6 Income tax expense

	Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
Deferred tax movement due to origination and reversal of temporary differences and movement in valuation allowance	(625,467)	(718,785)
<b>Total income tax expense</b>	<b>(625,467)</b>	<b>(718,785)</b>

In 2016, the applicable tax rate for current and deferred tax is 20% (2015: 20%).

### Reconciliation of effective tax rate:

	Unaudited Six-month period ended 30 June 2016 KZT'000	%	Unaudited Six-month period ended 30 June 2015 KZT'000	%
<b>Profit before income tax</b>	<b>2,971,797</b>		<b>1,715,467</b>	
Income tax at the applicable tax rate	(594,359)	(20)	(343,093)	(20)
Tax exempt interest on securities	107,829	4	128,809	8
Other non-deductible expenses	(138,937)	(5)	(133,507)	(8)
Change in unrecognised deferred tax assets	-	-	(370,994)	(22)
<b>Total income tax expense</b>	<b>(625,467)</b>	<b>(21)</b>	<b>(718,785)</b>	<b>(42)</b>

### Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liability as at 30 June 2016 and net deferred tax asset as at 31 December 2015. The future tax benefits will only be realised if profits will be available against which the unused tax losses can be utilised and there are no changes to the law and regulations that adversely affect the Company's ability to claim the deductions in future periods.

The deductible temporary differences do not expire under current tax legislation. The tax losses carry-forward expire in 2019-2023.

## 6 Income tax expense, continued

Movement in temporary differences during the six-month periods ended 30 June 2016 and 2015 are presented as follows:

<b>KZT'000</b>	<b>Balance 1 January 2016</b>	<b>Unaudited Recognised in profit or loss</b>	<b>Unaudited Balance 30 June 2016</b>
Property and equipment	(48,223)	(33,292)	(81,515)
Available-for-sale financial assets	3,804	1,635	5,439
Other assets	3,677	(3,677)	-
Other borrowed funds	(16,659,503)	(6,547,699)	(23,207,202)
Deferred income	15,617,604	6,560,449	22,178,053
Other liabilities	36,271	10,773	47,044
Tax losses carried-forward	1,501,211	(613,656)	887,555
	<b>454,841</b>	<b>(625,467)</b>	<b>(170,626)</b>
Unrecognised deferred tax asset	(370,994)	-	(370,994)
	<b>83,847</b>	<b>(625,467)</b>	<b>(541,620)</b>

<b>KZT'000</b>	<b>Balance 1 January 2015</b>	<b>Unaudited Recognised in profit or loss</b>	<b>Unaudited Balance 30 June 2015</b>
Property and equipment	(2,071)	(14,015)	(16,086)
Available-for-sale financial assets	-	4,366	4,366
Held-to-maturity investments	372,456	(372,456)	-
Other assets	22,574	(11,931)	10,643
Other borrowed funds	(1,079,295)	(15,593,708)	(16,673,003)
Deferred income	-	15,620,199	15,620,199
Other liabilities	19,372	3,524	22,896
Tax losses carried-forward	2,421,781	16,230	2,438,011
	<b>1,754,817</b>	<b>(347,791)</b>	<b>1,407,026</b>
Unrecognised deferred tax asset	-	(370,994)	(370,994)
	<b>1,754,817</b>	<b>(718,785)</b>	<b>1,036,032</b>

## 7 Cash and cash equivalents

	<b>Unaudited 30 June 2016 KZT'000</b>	<b>31 December 2015 KZT'000</b>
<b>Nostro accounts with banks</b>		
- rated BB+	-	71,503
- rated BB	9,338,835	331
- rated BB-	91	27,241
- rated B+	29,202	7,932
- rated B	18,937,699	12,133,102
- rated B-	14,389,642	14,463,480
- rated CCC+	34,501	-
- not rated	-	108,000
<b>Total cash and cash equivalents</b>	<b>42,729,970</b>	<b>26,811,589</b>

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit ratings agency or analogues of similar international agencies.

No cash and cash equivalents are impaired or past due.

## 7 Cash and cash equivalents, continued

As at 30 June 2016 the Company has three banks (31 December 2015: two banks) whose balances exceed 10% of equity. The gross value of these balances as at 30 June 2016 is KZT 27,947,424 thousand, unaudited (31 December 2015: KZT 15,282,914 thousand).

## 8 Placements with banks and other financial institutions

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
- rated BBB	-	11,718,500
- rated BBB-	11,776,160	-
- rated B+	8,177,020	170,005
- rated B	-	5,448,635
- rated B-	6,824,000	-
	<b>26,777,180</b>	<b>17,337,140</b>

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit ratings agency or analogues of similar international agencies.

None of placements with banks and other financial institutions are impaired or past due.

As at 30 June 2016 the Company placed term deposits with interest rates ranging from 6% to 9.5% per annum, unaudited (31 December 2015: from 6% to 9.5%) and which have maturities from September 2016 to March 2017, unaudited (31 December 2015: from February 2016 to October 2016).

As at 30 June 2016 the Company has three banks (31 December 2015: one bank) whose balances exceed 10% of equity. The gross value of these balances as at 30 June 2016 is KZT 26,743,314 thousand, unaudited (31 December 2015: KZT 11,718,500 thousand).

## 9 Available-for-sale financial assets

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,215,955	3,225,575
Corporate bonds rated BBB-	-	1,153,653
Corporate bonds rated from BB+ to BB-	1,209,984	1,839,440
Corporate bonds rated from B+ to B-	4,401,185	2,985,428
Corporate bonds not rated	6,148,282	6,311,514
	<b>12,975,406</b>	<b>15,515,610</b>
Impairment allowance	(1,555,539)	(1,555,539)
	<b>11,419,867</b>	<b>13,960,071</b>

The credit ratings are presented by reference to the credit ratings of Standard & Poor's credit ratings agency or analogues of similar international agencies.

### Analysis of movements in the impairment allowance:

	Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
Balance at the beginning of the period	1,555,539	437,743
Net charge, unaudited	-	15,551
Transfer from held-to-maturity investments, unaudited	-	1,212,139
Write-offs, unaudited	-	(465,086)
<b>Balance at the end of the period, unaudited</b>	<b>1,555,539</b>	<b>1,200,347</b>

## 10 Loans to customers

Loans to customers comprise mortgage loans purchased from commercial banks and credit institutions of the Republic of Kazakhstan and mortgage loans issued to individuals. The loans comprise KZT and USD denominated mortgage loans due from individuals located within the Republic of Kazakhstan.

All loans are secured by the underlying housing real estate.

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
Mortgage loans with recourse	15,098,314	19,322,855
Mortgage loans without recourse	50,370,576	65,078,808
Accrued interest	742,567	1,118,529
<b>Gross loans to customers</b>	<b>66,211,457</b>	<b>85,520,192</b>
Impairment allowance	(3,714,356)	(3,764,985)
<b>Net loans to customers</b>	<b>62,497,101</b>	<b>81,755,207</b>

### (a) Credit quality of mortgage loans

The following table provides information on credit quality of mortgage loans as at 30 June 2016 and 31 December 2015:

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
<b>Mortgage loans with recourse to the seller</b>		
- not overdue	14,728,755	18,367,310
- overdue less than 30 days	410,888	615,859
- overdue 30-89 days	146,562	375,846
- overdue 90-179 days	5,262	236,839
- overdue 180-360 days	-	147,709
- overdue more than 360 days	-	105,868
<b>Total mortgage loans with recourse to the seller</b>	<b>15,291,467</b>	<b>19,849,431</b>
<b>Mortgage loans without recourse to the seller</b>		
- not overdue	45,447,150	56,565,005
- overdue less than 30 days	2,029,138	2,443,116
- overdue 30-89 days	1,081,152	1,534,027
- overdue 90-179 days	615,147	1,655,251
- overdue 180-360 days	162,776	930,885
- overdue more than 360 days	1,584,627	2,542,477
<b>Total mortgage loans without recourse to the seller</b>	<b>50,919,990</b>	<b>65,670,761</b>
Impairment allowance on loans without recourse to the seller	(3,714,356)	(3,764,985)
<b>Net mortgage loans without recourse to the seller</b>	<b>47,205,634</b>	<b>61,905,776</b>
<b>Total loans to customers</b>	<b>66,211,457</b>	<b>85,520,192</b>
Total impairment allowance on loans to customers	(3,714,356)	(3,764,985)
<b>Total net loans to customers</b>	<b>62,497,101</b>	<b>81,755,207</b>

### (b) Key assumptions and judgements for estimating loan impairment

As at 30 June 2016, the significant assumptions used in determining impairment losses for mortgage loans are the same as those that applied to the Company's unconsolidated financial statements for the year ended 31 December 2015.

Movements in the loan impairment allowance are as follows:

	Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
Balance at the beginning of the period	3,764,985	3,484,117
Net (recovery) charge, unaudited	(49,388)	130,541
Write-offs, unaudited	(1,241)	-
<b>Balance at the end of the period, unaudited</b>	<b>3,714,356</b>	<b>3,614,658</b>

## 11 Finance lease receivables

The components of net investments in finance lease as at 30 June 2016 and 31 December 2015 are as follows:

	<b>Unaudited 30 June 2016 KZT'000</b>	<b>31 December 2015 KZT'000</b>
Within one year	4,261,562	2,428,401
More than one year, but less than five years	17,033,141	9,759,623
More than five years	59,452,485	33,795,555
<b>Minimum lease payments</b>	<b>80,747,188</b>	<b>45,983,579</b>
<b>Less unearned finance income</b>		
Less than one year	(1,996,324)	(1,249,325)
From one to five years	(7,589,832)	(4,737,830)
More than five years	(13,026,649)	(8,223,547)
<b>Less unearned finance income, total</b>	<b>(22,612,805)</b>	<b>(14,210,702)</b>
Impairment allowance	(445,878)	(338,459)
<b>Net investments in finance lease</b>	<b>57,688,505</b>	<b>31,434,418</b>

### (a) Credit quality of finance lease receivables

The following table provides information on credit quality of finance lease receivables as at 30 June 2016 and 31 December 2015:

	<b>Unaudited 30 June 2016 KZT'000</b>	<b>31 December 2015 KZT'000</b>
<b>Finance lease receivables under Own Programme</b>		
- not overdue	3,873,774	3,903,452
- overdue 90-179 days	13,460	-
<b>Total finance lease receivables under Own Programme</b>	<b>3,887,234</b>	<b>3,903,452</b>
<b>Finance lease receivables under Nurly Zhol Programme</b>		
- not overdue	50,692,654	26,385,575
- overdue less than 30 days	3,058,514	1,275,496
- overdue 30-89 days	466,543	197,242
- overdue 90-179 days	3,815	11,112
- overdue 180-360 days	25,623	-
<b>Total finance lease receivables under Nurly Zhol Programme</b>	<b>54,247,149</b>	<b>27,869,425</b>
Impairment allowance on finance lease receivables under Nurly Zhol Programme	(445,878)	(338,459)
<b>Net finance lease receivables under Nurly Zhol Programme</b>	<b>53,801,271</b>	<b>27,530,966</b>
<b>Total finance lease receivables</b>	<b>58,134,383</b>	<b>31,772,877</b>
Total impairment allowance on finance lease receivables	(445,878)	(338,459)
<b>Total net finance lease receivables</b>	<b>57,688,505</b>	<b>31,434,418</b>

## 11 Finance lease receivables, continued

Movements in the finance lease receivables impairment allowance are as follows:

	<b>Unaudited Six-month period ended 30 June 2016 KZT'000</b>	<b>Unaudited Six-month period ended 30 June 2015 KZT'000</b>
Balance at the beginning of the period	338,459	-
Net charge, unaudited	107,419	-
<b>Balance at the end of the period, unaudited</b>	<b>445,878</b>	<b>-</b>

The Company leases out housing real estate under Nurly Zhol and Own programme. These lease agreements are classified as finance lease under IAS 17 because ownership of the assets gets transferred to lessees by the end of the lease term, and at the inception the present value of the minimum lease payments amounts to substantially all of the fair value of the leased assets.

The finance lease agreements for Own programme have a maturity term ranging from 15 to 20 years and bear nominal interest rates of 11.50% and 13.00%. The finance lease agreements for Nurly Zhol have a maturity term of 20 years and monthly lease payments limited to KZT 1,120 per square meter for Almaty and Astana cities and KZT 924 per square meter in other regions.

## 12 Advances paid for acquisition and construction of real estate

Advances paid for acquisition and construction of real estate comprise advances made by the Company for housing real estate to be acquired from third parties. The Company plans to lease it out under finance lease, once the legal title on the property passes to the Company. As at 30 June 2016 the largest advance payment was made to Capital Construction Enterprise of Akimat of Almaty city in the amount of KZT 11,633,067 thousand, unaudited, for construction of Olympic village for Universiade 2017 in Almaty city (31 December 2015: Baiterek Development JSC in the amount of KZT 11,905,891 thousand for construction and property acquisition in Kyzylorda, Pavlodar and Aktobe cities).

## 13 Assets to be transferred under finance lease agreements

Assets to be transferred under finance lease agreements include housing real estate, which the Company intends to transfer to lessees in 2016.

The major portion of the assets relates to assets to be transferred under Nurly Zhol programme.

As at 30 June 2016 the largest micro districts acquired by the Company are located in cities of Almaty, Kyzylorda, Aktobe and Aktau in the total amount of KZT 9,955,406 thousand, unaudited (31 December 2015: micro districts in Shymkent, Aktobe, Taraz, Kyzylorda and Aktau in the total amount of KZT 20,797,332 thousand).

During the six-month period ended 30 June 2016, the Company transferred some apartments to finance lease receivables in micro districts "Kaitpas" (Shymkent), "Atshabar" (Taraz), "Batys" (Aktobe) and "Arai" (Kyzylorda) for the total amount of KZT 7,235,423 thousand, unaudited, which were acquired in 2015.

## 14 Construction in progress

Construction in progress represents capitalised costs incurred by the Company during construction of residential real estate in different regions of Kazakhstan as part of "Regions Development till 2020" program approved by the Decree #728 of the Government of the Republic of Kazakhstan dated 28 June 2014 and launched under the President's "Nurly Zhol" statement. The Company will lease out the constructed real estate under finance lease terms approved under this programme.

As at 30 June 2016 the largest construction projects relate to construction of micro district "Assar" located in Shymkent and "SPMK-70" in Kyzylorda in the amounts of KZT 6,836,138 thousand and KZT 2,203,470 thousand, respectively, unaudited (31 December 2015: micro districts "SPMK-70" located in Kyzylorda and "Assar" in Shymkent in the amounts of KZT 2,689,464 thousand and KZT 2,592,679 thousand, respectively).

## 15 Debt securities issued

Debt securities issued as at 30 June 2016 and 31 December 2015 comprised USD and KZT denominated bonds.

Emission	Maturity date	Nominal coupon rate	Effective rate	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
KZ2C0Y05E529	26.07.2018	6.00%	6.00%	11,660,234	11,706,566
KZ2C0Y07E517	26.07.2020	8.50%	8.50%	10,348,888	10,346,821
		1.00%+NBRK refinancing rate (limited to maximum 10%, minimum 6%)			
KZ2C0Y08D913	23.12.2018	10%, minimum 6%)	12.62%	8,719,159	8,504,529
KZ2C0Y05E503	26.07.2018	8.00%	8.00%	8,183,511	8,181,163
		0.01%+floating inflation index (limited to 7.5%)			
KZPC4Y10B547	15.01.2017	0.01%+floating inflation index (limited to 7.5%)	13.45%	5,021,493	4,805,618
		0.01%+floating inflation index (limited to 7.5%)			
KZPC4Y12B547	10.04.2017	7.00%	7.42%	4,680,392	4,650,295
KZ2C0Y08E218	02.04.2020	7.00%	7.00%	7,121	7,121
		0.7%+floating inflation index (limited to 12.0%)			
KZP02Y09C495	10.06.2016		-	-	9,781,375
				<b>48,620,798</b>	<b>57,983,488</b>

These obligations are secured by loan agreements with customers and the related real estate supporting these loans (Note 10) with a principal amount of KZT 23,662,554 thousand, unaudited (31 December 2015: KZT 25,907,249 thousand).

## 16 Other borrowed funds

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
Loan from National Management Holding Baiterek JSC	23,332,232	14,687,024
Loans from banks of the Republic of Kazakhstan	14,441,336	21,725,945
Due to the Government of the Republic of Kazakhstan	3,795,710	3,647,704
	<b>41,569,278</b>	<b>40,060,673</b>

During the six-month period ended 30 June 2016, the Company received two loans for the total amount of KZT 41,592,292 thousand unaudited, from the National Management Holding Baiterek JSC under the programme "Regions Development till 2020" approved by the Decree #728 of the Government of the Republic of Kazakhstan date 28 June 2014 and launched under the President's "Nurly Zhol" statement. As set out in the programme, the purpose of the loans is to finance construction and acquisition of housing real estate to be further leased out under operating and finance leases. The loans bear a nominal interest rate of 0.15% per annum and mature in January 2046. The repayment of principal is at maturity. At initial recognition the loans were recognised at fair value measured by applying a relevant market interest rate to discount the contractual future cash flows. The discount on these loans of KZT 33,486,061 thousand, unaudited, was recognised as deferred income (Note 17).

During the six-month period ended 30 June 2016, the Company repaid principal on loans from SB Sberbank JSC and Halyk Bank of Kazakhstan JSC in accordance with the repayment schedules in amounts of KZT 3,575,000 thousand and KZT 3,633,334 thousand, respectively (unaudited).

## 17 Deferred income

	Unaudited 30 June 2016 KZT'000	Unaudited 30 June 2015 KZT'000
Balance at the beginning of the period	78,088,020	-
Deferred income from low-interest rate loans obtained during the period (Note 16), unaudited	33,486,061	78,188,663
Amortisation for the period, unaudited	(683,815)	(87,668)
<b>Balance at the end of the period, unaudited</b>	<b>110,890,266</b>	<b>78,100,995</b>

## 17 Deferred income, continued

As at 30 June 2016 the Company recorded as deferred income the benefits of KZT 33,486,061 thousand, unaudited (31 December 2015: KZT 78,543,224 thousand), provided by means of a low interest rate on the loans from National Management Holding Baiterek JSC. The benefits are to be allocated further to the Company's lessees by providing leases at favourable rates.

## 18 Equity

### (a) Share capital, share premium and treasury shares

As at 30 June 2016 and 31 December 2015 authorised share capital comprises 13,681,600 ordinary shares, and issued and outstanding share capital comprises 5,811,380 shares including 250,000 treasury shares. All shares have a nominal value of KZT 10 thousand.

### (b) Dividends

In accordance with the legislation of the Republic of Kazakhstan, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRSs or profit for the period if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency.

During six-month period ended 30 June 2016, no dividends were declared and paid (six-month period ended 30 June 2015: dividends of KZT 355,205 thousand or KZT 63.87 per ordinary share).

### (c) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit or loss for the period attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited Six-month period ended 30 June 2016</b>	<b>Unaudited Six-month period ended 30 June 2015</b>
Profit for the period, in thousand of KZT	2,346,330	996,682
Weighted average number of ordinary shares	5,561,380	5,561,380
<b>Basic and diluted earnings per share, in KZT</b>	<b>422</b>	<b>179</b>

There are no potentially dilutive shares for the period ended 30 June 2016 (30 June 2015: nil).

## 19 Risk management

Management of risk is fundamental to the mortgage business and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

As at 30 June 2016 there were no significant changes in relation to market and liquidity risks since 31 December 2015. Changes in credit risks are disclosed in respective notes.

### (a) Market risk

#### (i) Interest rate risk

##### *Interest rate gap analysis*

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major interest-bearing financial instruments is as follows:

## 19 Risk management, continued

### (a) Market risk, continued

#### (i) Interest rate risk, continued

##### *Interest rate gap analysis, continued*

Unaudited KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
<b>30 June 2016</b>							
<b>ASSETS</b>							
Cash and cash equivalents	42,468,019	-	-	-	-	261,951	42,729,970
Placements with banks and other financial institutions	386,266	19,635,663	6,755,251	-	-	-	26,777,180
Available-for-sale financial assets	5,095,890	554,600	-	4,608,475	1,160,902	-	11,419,867
Loans to customers	1,276,570	8,441,759	2,078,092	17,748,468	32,952,212	-	62,497,101
Finance lease receivables	633,407	537,878	1,089,928	9,443,310	45,983,982	-	57,688,505
Other financial assets	-	-	-	-	-	3,345,001	3,345,001
<b>Total assets</b>	<b>49,860,152</b>	<b>29,169,900</b>	<b>9,923,271</b>	<b>31,800,253</b>	<b>80,097,096</b>	<b>3,606,952</b>	<b>204,457,624</b>
<b>LIABILITIES</b>							
Debt securities issued	5,953,936	13,399,672	-	29,267,190	-	-	48,620,798
Subordinated debt securities issued	-	197,778	9,866,188	-	-	-	10,063,966
Other borrowed funds	3,791,409	3,579,635	3,576,193	3,575,000	27,047,041	-	41,569,278
Other financial liabilities	-	-	-	-	-	8,343,513	8,343,513
<b>Total liabilities</b>	<b>9,745,345</b>	<b>17,177,085</b>	<b>13,442,381</b>	<b>32,842,190</b>	<b>27,047,041</b>	<b>8,343,513</b>	<b>108,597,555</b>
<b>Net position</b>	<b>40,114,807</b>	<b>11,992,815</b>	<b>(3,519,110)</b>	<b>(1,041,937)</b>	<b>53,050,055</b>	<b>(4,736,561)</b>	<b>95,860,069</b>

## 19 Risk management, continued

### (a) Market risk, continued

#### (i) Interest rate risk, continued

##### *Interest rate gap analysis, continued*

KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
<b>31 December 2015</b>							
<b>ASSETS</b>							
Cash and cash equivalents	26,340,549	-	-	-	-	471,040	26,811,589
Placements with banks and other financial institutions	3,101,080	-	14,236,060	-	-	-	17,337,140
Available-for-sale financial assets	1,529,760	5,336,018	1,258,814	4,533,935	1,301,544	-	13,960,071
Loans to customers	1,817,659	10,453,408	2,791,134	22,948,205	43,744,801	-	81,755,207
Finance lease receivables	319,095	276,522	581,272	5,021,792	25,235,737	-	31,434,418
Other financial assets	-	-	-	-	-	3,837,985	3,837,985
<b>Total assets</b>	<b>33,108,143</b>	<b>16,065,948</b>	<b>18,867,280</b>	<b>32,503,932</b>	<b>70,282,082</b>	<b>4,309,025</b>	<b>175,136,410</b>
<b>LIABILITIES</b>							
Debt securities issued	5,739,230	22,936,320	-	29,307,938	-	-	57,983,488
Subordinated debt securities issued	-	197,778	-	9,783,897	-	-	9,981,675
Other borrowed funds	3,856,041	3,575,000	7,206,696	7,150,000	18,272,936	-	40,060,673
Other financial liabilities	-	-	-	-	-	8,574,799	8,574,799
<b>Total liabilities</b>	<b>9,595,271</b>	<b>26,709,098</b>	<b>7,206,696</b>	<b>46,241,835</b>	<b>18,272,936</b>	<b>8,574,799</b>	<b>116,600,635</b>
<b>Net position</b>	<b>23,512,872</b>	<b>(10,643,150)</b>	<b>11,660,584</b>	<b>(13,737,903)</b>	<b>52,009,146</b>	<b>(4,265,774)</b>	<b>58,535,775</b>

##### *Interest rate sensitivity analysis*

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rate (repricing risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 30 June 2016 and 31 December 2015 is as follows:

	Unaudited		Unaudited	
	30 June 2016		31 December 2015	
	KZT'000		KZT'000	
	Profit or loss	Equity	Profit or loss	Equity
100 bp parallel rise	(333,729)	(333,729)	(134,696)	(134,696)
100 bp parallel fall	333,729	333,729	134,696	134,696

## 19 Risk management, continued

### (b) Liquidity risk

The table below shows an analysis, by contractual maturities, of the amounts recognised in the unconsolidated interim condensed statement of financial position as at 30 June 2016:

Unaudited	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Assets	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Cash and cash equivalents	42,729,970	-	-	-	-	-	42,729,970
Placements with banks and other financial institutions	352,400	33,866	26,390,914	-	-	-	26,777,180
Available-for-sale financial assets	1,419,844	45,888	49,925	6,482,503	3,421,707	-	11,419,867
Loans to customers	668,733	781,002	3,600,146	20,482,098	36,965,122	-	62,497,101
Finance lease receivables	277,410	355,997	1,627,806	9,443,310	45,983,982	-	57,688,505
Current tax asset	-	-	-	-	-	2,823,049	2,823,049
Advances paid for acquisition and construction of real estate	1,836,425	338,300	23,879,282	-	-	-	26,054,007
Assets to be transferred under finance lease agreements	-	-	-	-	-	16,234,827	16,234,827
Construction in progress	-	-	16,491,165	-	-	-	16,491,165
Property and equipment	-	-	-	-	-	1,888,954	1,888,954
Investment property	-	-	-	-	-	1,438,097	1,438,097
Other assets	24,854	99,288	3,369,608	1,504	3,259	1,825,416	5,323,929
<b>Total assets</b>	<b>47,309,636</b>	<b>1,654,341</b>	<b>75,408,846</b>	<b>36,409,415</b>	<b>86,374,070</b>	<b>24,210,343</b>	<b>271,366,651</b>
<b>Liabilities</b>							
Debt securities issued	1,105,359	-	9,543,535	37,971,904	-	-	48,620,798
Subordinated debt securities issued	-	-	10,063,966	-	-	-	10,063,966
Other borrowed funds	3,786,523	4,886	7,155,828	3,575,000	27,047,041	-	41,569,278
Deferred income	-	-	-	-	110,890,266	-	110,890,266
Deferred tax liability	-	-	-	541,620	-	-	541,620
Other liabilities	1,378,244	307,451	7,005,972	985,759	385,501	-	10,062,927
<b>Total liabilities</b>	<b>6,270,126</b>	<b>312,337</b>	<b>33,769,301</b>	<b>43,074,283</b>	<b>138,322,808</b>	<b>-</b>	<b>221,748,855</b>
<b>Net position as at 30 June 2016</b>	<b>41,039,510</b>	<b>1,342,004</b>	<b>41,639,545</b>	<b>(6,664,868)</b>	<b>(51,948,738)</b>	<b>24,210,343</b>	<b>49,617,796</b>

**19 Risk management, continued****(b) Liquidity risk, continued**

The table below shows an analysis, by contractual maturities, of the amounts recognised in the unconsolidated statement of financial position as at 31 December 2015:

	<b>Less than 1 month KZT'000</b>	<b>1 to 3 months KZT'000</b>	<b>3 months to 1 year KZT'000</b>	<b>1 to 5 years KZT'000</b>	<b>More than 5 years KZT'000</b>	<b>No maturity KZT'000</b>	<b>Total KZT'000</b>
<b>Assets</b>							
Cash and cash equivalents	26,811,589	-	-	-	-	-	26,811,589
Placements with banks and other financial institutions	228,581	2,872,498	14,236,061	-	-	-	17,337,140
Available-for-sale financial assets	718,200	22,084	3,084,477	6,373,375	3,761,935	-	13,960,071
Loans to customers	1,006,129	1,048,306	4,752,474	26,190,387	48,757,911	-	81,755,207
Finance lease receivables	131,768	187,327	857,794	5,021,792	25,235,737	-	31,434,418
Current tax asset	-	-	-	-	-	2,310,235	2,310,235
Advances paid for acquisition and construction of real estate	-	273,880	13,826,120	11,816,895	-	-	25,916,895
Assets to be transferred under finance lease agreements	-	-	-	-	-	26,503,605	26,503,605
Construction in progress	-	-	9,644,010	-	-	-	9,644,010
Property and equipment	-	-	-	-	-	1,743,083	1,743,083
Investment property	-	-	-	-	-	1,606,119	1,606,119
Deferred tax asset	-	-	-	-	-	83,847	83,847
Other assets	19,180	1,158,007	2,764,212	1,504	3,447	486,885	4,433,235
<b>Total assets</b>	<b>28,915,447</b>	<b>5,562,102</b>	<b>49,165,148</b>	<b>49,403,953</b>	<b>77,759,030</b>	<b>32,733,774</b>	<b>243,539,454</b>
<b>Liabilities</b>							
Debt securities issued	1,023,760	-	9,841,581	47,118,147	-	-	57,983,488
Subordinated debt securities issued	-	-	197,778	9,783,897	-	-	9,981,675
Other borrowed funds	217,900	3,638,141	10,781,696	7,150,000	18,272,936	-	40,060,673
Deferred income	-	-	-	-	78,088,020	-	78,088,020
Other liabilities	489,456	220,381	7,266,711	1,542,993	506,269	-	10,025,810
<b>Total liabilities</b>	<b>1,731,116</b>	<b>3,858,522</b>	<b>28,087,766</b>	<b>65,595,037</b>	<b>96,867,225</b>	<b>-</b>	<b>196,139,666</b>
<b>Net position as at 31 December 2015</b>	<b>27,184,331</b>	<b>1,703,580</b>	<b>21,077,382</b>	<b>(16,191,084)</b>	<b>(19,108,195)</b>	<b>32,733,774</b>	<b>47,399,788</b>

## 19 Risk management, continued

### (b) Liquidity risk, continued

As at 30 June 2016 included in the category “More than 5 years” are overdue loans to customers and finance lease receivables with net book values of KZT 2,321,196 thousand and KZT 3,122,077 thousand, respectively (unaudited) (31 December 2015: KZT 6,822,892 thousand and KZT 1,145,391 thousand, respectively).

## 20 Related party transactions

### (a) Transactions with the members of the Management Board and Board of Directors

Total remuneration included in employee compensation:

	Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
Members of the Board of Directors	23,267	4,902
Members of the Management Board	43,140	37,459
	<b>66,407</b>	<b>42,361</b>

The above amounts include non-cash benefits in respect of the members of the Management Board. The outstanding balances and average interest rates as of 30 June 2016 and 31 December 2015 with the members of the Management Board are as follows:

	Unaudited 30 June 2016 KZT'000	Unaudited Average interest rate	31 December 2015 KZT'000	Average interest rate
<b>Unconsolidated Interim Condensed Statement of Financial Position</b>				
Loans to customers	17,172	10.72	7,629	8.50
Other liabilities	13,140	-	26,280	-

Amounts included in profit or loss in relation to transactions with the members of the Management Board are as follows:

	Unaudited Six-month period ended 30 June 2016 KZT'000	Unaudited Six-month period ended 30 June 2015 KZT'000
<b>Unconsolidated Interim Condensed Statement of Profit or Loss</b>		
Interest income	765	342

### (b) Transactions with other related parties

Other related parties include Baiterek Group, other state organisations and subsidiaries of the Company.

The amounts below are included in the unconsolidated interim condensed statement of financial position as at 30 June 2016 and unconsolidated statement of financial position as at 31 December 2015 unconsolidated interim condensed statement of profit or loss and unconsolidated interim condensed statement of comprehensive income for the six-month periods ended 30 June 2016 and 2015:

## 20 Related party transactions, continued

### (b) Transactions with other related parties, continued

	Unaudited, Six-month period ended 30 June 2016	Unaudited, Six-month period ended 30 June 2016	Unaudited, Six-month period ended 30 June 2015	Unaudited, Six-month period ended 30 June 2015
	Baiterek Group KZT'000	Other state organisations KZT'000	Baiterek Group KZT'000	Other state organisations KZT'000
<b>Unconsolidated Interim Condensed Statement of Profit or Loss</b>				
Interest income	552,320	113,255	-	170,959
Interest expense	(1,354,539)	(1,790,640)	(1,525,755)	(138,472)
Net foreign exchange gain (loss)	11,678	-	(403,579)	-
Commission expense	-	(637)	-	(423)
Other income	3,135	18,917	3,343	5,546
General administrative expenses	(129,360)	(185,228)	-	(147,316)
Income tax expense	-	625,467	-	(718,785)
<b>Unconsolidated Interim Condensed Statement of Comprehensive Income</b>				
<b>Other Comprehensive Income</b>				
Net change in fair value of available-for-sale financial assets	-	172,472	-	(22,614)

## 20 Related party transactions, continued

### (b) Transactions with other related parties, continued

The balances with related parties as at 30 June 2016 include:

	Unaudited Baiterek Group		Unaudited Other state organisations		Unaudited Subsidiaries of the Company
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %	KZT'000
Placements with banks and other financial institutions	11,776,160	9.50	-	-	-
Available-for-sale financial assets	-	-	2,425,939	6.53	-
Current tax asset	-	-	2,823,049	-	-
Other assets	2,230,126	-	83,143	-	-
Debt securities issued	18,977,761	6.49	23,661,774	7.74	-
Subordinated debt securities issued	-	-	3,366,648	8.00	-
Other borrowed funds	23,332,232	7.13	3,795,710	8.00	-
Deferred tax liability	-	-	541,620	-	-
Other liabilities	240,240	-	20,462	-	-
Revaluation reserve for available-for-sale financial assets	-	-	(314,598)	-	-

The balances with related parties as of 31 December 2015 include:

	Baiterek Group		Other state organisations	
	KZT'000	Average interest rate, %	KZT'000	Average interest rate, %
Placements with banks and other financial institutions	11,718,500	9.50	-	-
Available-for-sale financial assets	-	-	4,379,229	6.06
Current tax asset	-	-	2,310,235	-
Advances paid for acquisition and construction of real estate	11,905,891	-	-	-
Deferred tax asset	-	-	83,847	-
Other assets	4	-	41,782	-
Debt securities issued	18,910,349	6.51	28,290,232	10.16
Subordinated debt securities issued	-	-	3,339,120	9.76
Other borrowed funds	14,687,024	7.01	3,647,704	8.00
Other liabilities	110,880	-	64,194	-
Revaluation reserve for available-for-sale financial assets	-	-	(297,554)	-

## 21 Financial assets and liabilities: fair values and accounting classification

### (a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2016:

<b>Unaudited KZT'000</b>	<b>Loans and receivables</b>	<b>Available-for- sale</b>	<b>Other amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Cash and cash equivalents	42,729,970	-	-	42,729,970	42,729,970
Placements with banks and other financial institutions	26,777,180	-	-	26,777,180	26,777,180
Available-for-sale financial assets		11,419,867	-	11,419,867	11,419,867
Loans customers	62,497,101	-	-	62,497,101	60,997,035
Finance lease receivables	57,688,505	-	-	57,688,505	33,844,485
Other financial assets	3,345,001	-	-	3,345,001	3,345,001
	<b>193,037,757</b>	<b>11,419,867</b>	<b>-</b>	<b>204,457,624</b>	<b>202,957,558</b>
Debt securities issued	-	-	48,620,798	48,620,798	46,741,796
Subordinated debt securities issued	-	-	10,063,966	10,063,966	9,438,690
Other borrowed funds	-	-	41,569,278	41,569,278	40,410,696
Deferred income	-	-	110,890,266	110,890,266	110,890,266
Other financial liabilities	-	-	8,343,513	8,343,513	8,343,513
	<b>-</b>	<b>-</b>	<b>219,487,821</b>	<b>219,487,821</b>	<b>215,824,961</b>

## 21 Financial assets and liabilities: fair values and accounting classification, continued

### (a) Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2015:

KZT'000	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	26,811,589	-	-	26,811,589	26,811,589
Placements with banks and other financial institutions	17,337,140	-	-	17,337,140	17,337,140
Available-for-sale financial assets	-	13,960,071	-	13,960,071	13,960,071
Loans customers	81,755,207	-	-	81,755,207	79,653,830
Finance lease receivables	31,434,418	-	-	31,434,418	31,434,418
Other financial assets	3,837,985	-	-	3,837,985	3,837,985
	<b>161,176,339</b>	<b>13,960,071</b>	<b>-</b>	<b>175,136,410</b>	<b>173,035,033</b>
Debt securities issued	-	-	57,983,488	57,983,488	55,226,331
Subordinated debt securities issued	-	-	9,981,675	9,981,675	9,161,180
Other borrowed funds	-	-	40,060,673	40,060,673	38,599,256
Deferred income	-	-	78,088,020	78,088,020	78,088,020
Other financial liabilities	-	-	8,574,799	8,574,799	8,574,799
	<b>-</b>	<b>-</b>	<b>194,688,655</b>	<b>194,688,655</b>	<b>189,649,586</b>

## **21 Financial assets and liabilities: fair values and accounting classification, continued**

### **(a) Accounting classifications and fair values, continued**

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities.

For more complex instruments, the Company uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs includes certain loans and securities for which there is no active market.

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

### **(b) Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## 21 Financial assets and liabilities: fair values and accounting classification, continued

### (b) Fair value hierarchy, continued

The table below analyses financial instruments measured at fair value in the unconsolidated interim condensed statement of financial position as at 30 June 2016 and unconsolidated statement of financial position as at 31 December 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<b>Unaudited 30 June 2016 Level 2 KZT'000</b>	<b>31 December 2015 Level 2 KZT'000</b>
<b>Financial assets</b>		
Available-for-sale financial assets	11,419,867	13,960,071
	<b>11,419,867</b>	<b>13,960,071</b>

As at 30 June 2016 and 31 December 2015 the Company does not have any financial instruments for which fair value is based on valuation techniques involving the use of non-market inputs.

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2016:

<b>Unaudited KZT'000</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total carrying amount</b>
<b>Assets</b>				
Cash and cash equivalents	42,729,970	-	42,729,970	42,729,970
Placements with banks and other financial institutions	26,777,180	-	26,777,180	26,777,180
Loans to customers	59,051,067	1,945,968	60,997,035	62,497,101
Finance lease receivables	32,401,860	1,442,625	33,844,485	57,688,505
<b>Liabilities</b>				
Debt securities issued	46,741,796	-	46,741,796	48,620,798
Subordinated debt securities issued	9,438,690	-	9,438,690	10,063,966
Other borrowed funds	40,410,696	-	40,410,696	41,569,278

## 21 Financial assets and liabilities: fair values and accounting classification, continued

### (b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2015:

KZT'000	Level 2	Total fair values	Total carrying amount
<b>Assets</b>			
Cash and cash equivalents	26,811,589	26,811,589	26,811,589
Placements with banks and other financial institutions	17,337,140	17,337,140	17,337,140
Loans to customers	79,653,830	79,653,830	81,755,207
Finance lease receivables	31,434,418	31,434,418	31,434,418
<b>Liabilities</b>			
Debt securities issued	55,226,331	55,226,331	57,983,488
Subordinated debt securities issued	9,161,180	9,161,180	9,981,675
Other borrowed funds	38,599,256	38,599,256	40,060,673

## 22 Capital management

The following table shows the composition of the capital position calculated in accordance with the NBRK statutory rules.

	Unaudited 30 June 2016 KZT'000	31 December 2015 KZT'000
<b>Tier 1 capital</b>		
Share capital	55,528,939	55,528,939
Reserve capital	2,734,447	2,734,447
Additional paid-in capital	5,822,856	5,822,856
Statutory accumulated losses for prior periods	(14,967,570)	(18,788,692)
<b>Total tier 1 capital</b>	<b>49,118,672</b>	<b>45,297,550</b>
<b>Tier 2 capital</b>		
Reserves on revaluation of available-for-sale financial assets	(1,847,206)	(1,718,884)
Subordinated debt securities issued	1,973,238	3,913,559
Net profit for the current year in accordance with NBRK requirements	2,346,330	3,821,122
<b>Total tier 2 capital</b>	<b>2,472,362</b>	<b>6,015,797</b>
<b>Total capital</b>	<b>51,591,034</b>	<b>51,313,347</b>
Total statutory assets	271,366,651	243,539,454
Credit risk weighted assets and contingent liabilities	206,069,831	157,515,136
Operational risk	4,089,365	-
<b>k1 ratio</b>	<b>18%</b>	<b>19%</b>
<b>k1-2 ratio</b>	<b>24%</b>	<b>29%</b>
<b>k1-3 ratio</b>	<b>25%</b>	<b>33%</b>

## **22 Capital management, continued**

As at 30 June 2016 and 31 December 2015 the minimum level of ratios as applicable to the Company are as follows:

- k1 – 6%
- k1-2 – 6%
- k1-3 – 12%.

## **23 Segment reporting**

The Company's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Company's assets are concentrated in the Republic of Kazakhstan, and the Company's revenues are derived from operations in, and connected with, the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Company, the Chairman of the Management Board, only receives and reviews the information on the Company as a whole.

## **24 Subsequent events**

On 11 July 2016 the Company fully repaid a loan received from SB Sberbank JSC in the amount of KZT 3,633,333 thousand.